

ATTN: MARK LIST

NATHAN PENLEY  
1669 THORNWOOD DR.  
CONCORD CA, 94521  
(707) 322-4750  
(925) 687-1260

## ATTN: MARK LIST

TO WHOM IT MAY CONCERN :

My NAME IS NATHAN PERLEY. I OWN LOT 32 NEPTUNE CT. A.P.N. # 019-421-007. AS OF 9/12/06 MY LOT & FUTURE FAMILY HOME SITS WITH 37 PIERS HOLES 20' DEEP & CAGES IN THEM EMPTY. I WAS TO POUR CONCRETE ON 9/14/06. THE SAME DAY I WENT TO PAY FOR PERMITS. I HAVE 50,000.00 OF MY WIFE & MY MONEY/LIFE SAVINGS INVESTED IN THE LAND, PLUS 60,000.00 OF MY LENDERS MONEY. I ALSO HAVE A 430,000.00 CONSTRUCTION TO MORTGAGE LOAN WITH 100,000.00 ALREADY SPENT. ON 9/12/06 I WAS CONTACTED BY THE NAPA COUNTY BUILDING DEPT. I WAS INFORMED THAT MY PLANS WERE APPROVED, WET STAMPED WITH MY BUILDING PERMIT ISSUED. ALL I WAS TO DO, IS COME IN AND PAY MY FEES. I WAS UNABLE TO LEAVE MY JOB THAT DAY 9/12/06. I MADE ARRANGEMENTS TO GET THE MONEY RELEASED BY THE BANK & LEAVE WORK TO PAY ON 9/14/06. I WENT TO THE COUNTY OFFICE AND EVEN THOUGH I WAS APPROVED AND ISSUED A PERMIT, THEY WERE UNABLE TO HAND IT TO ME DUE TO THE CEASE AND DESIST ORDER. MY FAMILY'S LIVLY HOOD DEPENDS ON THIS PERMIT AND THE PROJECT GOING FOWARD. IF IT DOES NOT, WE STAND TO LOSE EVERYTHING, WE HAVE WORKED SO HARD FOR, I.E. OUR MONEY AND DREAM HOME.

WE HAVE 20,000<sup>00</sup> IN ENGINEERING,  
ARCHITECTURE AND SOILS ENGINEERING  
INVESTED. WE UNDERSTAND WHY YOU ARE  
DOING WHAT YOU ARE, AND AGREE THAT THE  
ISSUE NEEDS TO BE ADDRESSED PROMPTLY.  
WE FEEL AS THOUGH WE HAVE MET YOUR  
CRITERIA FOR DEADLINES TO RELIEVE OUR  
BUILDING PERMITS. DUE TO WORK AND  
CIRCUMSTANCES OUT OF OUR CONTROL, I  
COULD NOT PAY MY DUES UNTIL 9/14/06. IF  
I HAD RECEIVED SOME SORT OF NOTICE STATING  
THAT ON 9/13/06 THERE WOULD BE A CEASE  
AND DESIST ORDER, I WOULD HAVE FOUND A  
WAY TO PAY ON 9/12/06. BUT I HAD NO  
PRIOR KNOWLEDGE OF THIS ACTION. MY  
CONSTRUCTION LENDER IS VERY UPSET, THE  
ONLY REASON THEY RELEASED THE MONEY IS  
DUE TO THE COUNTY CLEARING PLANS AND  
ISSUING PERMITS FOR CONSTRUCTION. NOW I  
FEAR THE ACTION THE LENDER WILL TAKE  
AGAINST MY FAMILY. SHOULD YOU NEED ANY  
PROOF OR BANK DOCUMENTS, I HAVE ALL OF  
THEM TO SHOW THE FIGURES STATED IN THIS  
LETTER. MY LENDER ALSO REQUEST YOUR  
INFORMATION. I HOPE YOU UNDERSTAND THE  
SEVERE DAMAGE AND HARDSHIP THIS WILL  
CAUSE TO MY FAMILY.

AS OF NOW WE HAVE TO PAY ON A  
CONSTRUCTION/MORTGAGE LOAN AT 4000<sup>00</sup>  
A MONTH, FOR A HOME WE ARE AT THE  
LAST SECONDS BEING TOLD WE CAN'T BUILD.  
WITH YOUR UNDERSTANDING OF THE  
SITUATION AND TIME LINES/DATES IF HAVE BEEN  
A VICTIM OF, I HOPE THAT YOU WILL GRANT  
US OUR PERMITS TO BUILD, SINCE WE HAD  
NO PRIOR KNOWLEDGE OF THE CEASE AND  
DISIST, AND WERE CLEARED FOR PERMITS  
ON THE 12 DAY OF SEPTEMBER 2006.

Sincerely \$ AT YOUR MERCY

NATHAN PENLEY  
\$  
FAMILY

# NOTE SECURED BY A DEED OF TRUST

Loan Number: 0171

Date: Friday, August 11, 2006

Petaluma, California

Lot 32, Neptune Court, Berryessa Highlands

Napa CA 94558-9670

Property Address

## 1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$430,500.00 (this amount will be called "principal"), plus interest, to the order of John W. Brown and Judith B. Brown, Co-Trustees of the Brown Family Trust Dated May 15, 2006, as to an undivided 24.739% interest, Angeline McDowell and Arasimo Cataldo, as Tenants in Common, as to an undivided 23.229% interest, J.J.B. Mortgage and Investment, Inc., 401k Trust, as to an undivided 17.422% interest, J.J.B. Mortgage and Investment, Inc., Defined Benefit Pension Trust, as to an undivided 20.674% interest, Sandy Mayer, an unmarried woman, as to an undivided 2.323% interest, Ralph D. Smith, Trustee of the Ralph D. Smith Living Trust, Dated an unmarried man, as to an undivided 11.614% interest, (who will be called "Lender"). I understand that the Lender may transfer this Note. The Lender or anyone else who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder(s)."

## 2. INTEREST

I will pay interest at a yearly rate as described in paragraph 3 below.

Interest commences on Wednesday, August 16, 2006, and, if paragraph 3 reflects more than one interest rate during the loan term, the rate will change on the date which is one (1) calendar month before each Payment Start Date.

Interest will be charged on unpaid principal until the full amount of principal has been paid.

I also agree to pay interest at the rate described in paragraph 3 below on the prepaid finance charges which are a part of the principal.

## 3. PAYMENTS

My payments are ☒ Interest Only ☐ Fully Amortized ☐ Other

I will make my payments each month as follows:

Number of Payments	Payment Start Dates	Interest Rates	Payment Amounts
23	Starting October 1, 2006	12.000%	\$4,305.00
1	Starting September 1, 2008	12.000%	\$434,805.00

I will make these payments until I have paid all of the principal and interest and any other charges that I may owe under this Note. If on Monday, September 01, 2008 (the Due Date) I still owe amounts under this Note (balloon balance), I will pay all those amounts, in full, on that date.

I will make my payments payable to Redwood Trust Deed Services, Inc., P.O. Box 6875, Santa Rosa, CA 95406-0875, or at a different place if I am notified by the Note Holder or the Agent for the Note Holder.

## 4. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) **Late Charge For Overdue Payments.** If I do not pay the full amount of each monthly payment by the end of ten calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 10.00% of my overdue payment or U.S. \$5.00, whichever is more. I will pay this late charge only once on any late payment.

In the event a balloon payment is delinquent more than 10 days after the date it is due, I agree to pay a late charge in an amount equal to the maximum late charge that could have been assessed with respect to the largest single monthly installment previously due, other than the balloon payment, multiplied by the sum of one plus the number of months occurring since the late payment charge began to accrue.

(B) **Default.** If I do not pay the full amount of each monthly payment due under this Note by the date stated in paragraph 3 above, I will be in default, and the Note Holder may demand that I pay immediately all amounts that I owe under this Note.

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(C) **Payment of Note Holder's Costs and Expenses.** If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back for all its costs and expenses to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees. A default upon any interest of any Note Holder shall be a default upon all interests.

## 5. BORROWER'S PAYMENTS BEFORE THEY ARE DUE - PREPAYMENT PENALTIES

Applied Business Software, Inc. (800) 833-3343

[0171/Panley]  
Note Secured by Deed of Trust Page 1 of 3

**ESCROW CLOSING STATEMENT**

Sonoma Equity Lending Corporation  
166 Kentucky Street  
Petaluma CA 94952

**Escrow Number:** 0171  
**Escrow Officer:** Sigrid Price  
**Date Recorded:**

**Borrower:** Nathan Penley, a married man, as his sole and separate property

**Property:** Lot 32, Neptune Court, Berryessa Highlands  
Napa CA 94558-9670

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DESCRIPTION	DEBIT	CREDIT
<b>Funds Deposited To Escrow:</b>		
John W. Brown ( 24.74%)		106,500.00
Arasmo Cataldo ( 23.23%)		100,000.00
J.J.B. Mortgage and Investment, Inc. ( 17.42%)		75,000.00
J.J.B. Mortgage and Investment, Inc., Defined Benefit Pension Tr ( 20.67%)		89,000.00
Sandy Mayer ( 2.32%)		10,000.00
Ralph D. Smith ( 11.61%)		50,000.00
<b>Demands Paid Through Escrow:</b>		
Private-Sonoma Equity Lending		
Principal	65,000.00	
	65,000.00	
<b>Payments Made on Authorization of Borrower:</b>		
<b>Costs and Expenses:</b>		
Appraisal Fee	150.00	
Escrow Fee	504.00	
Title Insurance Policy	1,250.00	
Notary Fee	40.00	
Recording Fees	65.00	
Underwriting Fee-Sonoma Equity Lending	400.00	
Document Preparation Fee-Sonoma Equity Lending	250.00	
Broker Processing Fee-Mortgage Broker	650.00	
Construction Funds Account	345,000.00	
Construction funds set-up fee	350.00	
Construction Draw Inspections	500.00	
<b>Other Items Paid Through Escrow:</b>		
Broker's Commission	14,619.78	
Prepaid Interest From 08/16/06 To 09/01/06 @ \$141.53/day	2,264.48	
<b>Check From Borrower</b>		543.26
<b>Totals</b>	<b>431,043.26</b>	<b>431,043.26</b>

ITEMS: (continued)

Title No. 06-280100596  
Locate No. CAFNT0928-0928-0001-0280100596

**6. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby**

Amount: \$65,000.00  
Dated: May 8, 2006  
Trustor: Nathan Penley, a married man as sole and separate property  
Trustee: Redwood Trust Deed Services, Inc.  
Beneficiary: J.J.B. Mortgage and Investment, Inc., Defined Benefit Pension Trust, as tian undivided 84.615%, Sandy Mayer, an unmarried woman, as to an undivided 15.385% interest  
Address: P.O. Box 6875  
Santa Rosa, CA 95406-0875  
Loan No.: 0138  
Recorded: May 17, 2006, Instrument No. 2006-17383, of Official Records

*Phone 523-4388*  
*546-4842*  
*Loan Servicing*

**END OF ITEMS**

**Note 1.** The current owner does NOT qualify for the \$20.00 discount pursuant to the coordinated stipulated judgments entered in actions filed by both the Attorney General and private class action plaintiffs for the herein described property.

**Note 2.** Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

Tax Identification No.: 019-421-007  
Fiscal Year: 2005 - 2006  
1st Installment: \$204.99  
2nd Installment: \$204.99  
Exemption: \$0.00  
Land: \$14,858.00  
Improvements: \$0.00  
Personal Property: \$0.00  
Code Area: 072-112

**Note 3.** The only deeds affecting said land, which recorded within twenty-four (24) months of the date of this report, as are follows:

Grantor: Univseral Life Church, Inc.  
Grantee: Nathan Penley, a married man as his sole and separate property  
Recorded: May 17, 2006, Instrument No. 2006-0017381, of Official Records

and  
Grantor: Andrea J. Penley  
Grantee: Nathan Penley, a married man as sole and separate property  
Recorded: May 17, 2006, Instrument No. 2006-0017382, of Official Records

Title No. 06-280100596  
Locate No. CAFNT0928-0928-0001-0280100596

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

The land referred to herein is situated in the State of California, County of Napa, Unincorporated Area, and is described as follows:

Lot 32, of Berryessa Highlands No. 2, as per map recorded in Book 9, Page 37 to 47 inclusive of Maps, in the office of the County Recorder of said county.

APN: 019-421-007